

Message Text

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46

ACTION TRSY-06

INFO OCT-01 EUR-12 EA-09 ISO-00 EB-07 FRB-01 L-03 OMB-01

SP-02 CEA-01 USSS-00 CIAE-00 INR-07 NSAE-00 PRS-01

PA-02 USIA-15 /068 W

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R 010917Z DEC 76

FM AMEMBASSY MANILA

TO AMEMBASSY BONN

INFO SECSTATE WASHDC 3416

AMEMBASSY PARIS

AMCONGEN STUTTGART

UNCLAS MANILA 18681

E.O. 11652: N/A

TAGS: EFIN, RP, US

SUBJ: PHILIPPINE TREASURY CERTIFICATES (VICTORY SERIES NO. 66)

REF: BONN 15200, BONN 19161

1. EMBASSY FILES CONTAIN FOLLOWING BACKGROUND ON PHILIPPINE "VICTORY NOTES," TAKEN FROM DEPARTMENT OF TREASURY TELEGRAM DATED JUNE 11, 1965: QUOTE. TREASURY HAS RECEIVED HUNDREDS OF INQUIRIES ABOUT PHILIPPINE TREASURY CERTIFICATES WITH BLUE COMMONWEALTH SEAL (VICTORY SERIES NO. 66). MISCONCEPTION ABOUT U.S. BACKING FOR VICTORY NOTES DERIVES FROM INSCRIPTION "PAYABLE TO THE BEARER ON DEMAND IN LEGAL TENDER CURRENCY OF THE US OF EQUIVALENT VALUE". THESE NOTES WERE PRINTED BY THE U.S. BUREAU OF ENGRAVING AND PRINTING BUT ARE OBLIGATION SOLELY OF CENTRAL BANK OF THE PHILIPPINES. DOLLAR BACKING FOR THE PESO INITIALLY ESTABLISHED UNDER PHILIPPINE LAW AND SUBSEQUENTLY ABOLISHED BY CENTRAL BANK ACT OF JUNE, 1948. VICTORY NOTES IN DENOMINATIONS UNDER 100 PESOS WERE LEGAL TENDER THROUGH JULY 30, 1964 AND MAY BE EXCHANGED AT PAR FOR LEGAL TENDER PHILIPPINE CURRENCY THROUGH JULY 30, 1967. CONVERSION RATE FOR LEGAL TENDER CURRENCY IS 3.90 PESOS PER U.S. DOLLAR. DEADLINE FOR UNCLASSIFIED

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EXCHANGE OF VICTORY NOTES IN DENOMINATIONS 100 PESOS OR

MORE WAS DECEMBER 31, 1957. THE BUREAU OF ENGRAVING PRINTED AND DELIVERED TO THE PHILIPPINE GOVERNMENT 163 MILLION NOTES WITH VICTORY OVERPRINT FOR TOTAL VALUE OF 1,265 MILLION PESOS DURING THE PERIOD 1945-49. END QUOTE.

2. FOLLOWING IS TEXT OF NEWS RELEASE BY EMBASSY MANILA, DATED JUNE 22, 1976: QUOTE. VICTORY PESO VALUELESS. THE US EMBASSY HAS REITERATED THAT THE SO-CALLED VICTORY PESO NOTES PRINTED BETWEEN 1945 AND 1949 ARE NOT NOW AND NEVER HAVE BEEN AN OBLIGATION OF THE UNITED STATES GOVERNMENT. THE EMBASSY ANNOUNCEMENT ALSO STATED THAT THE US GOVERNMENT HAS NO INTEREST IN RECOVERING ANY OF THE NOTES THAT MIGHT BE OUTSTANDING. THE VICTORY PESO NOTES WERE PRINTED BY THE US BUREAU OF PRINTING AND ENGRAVING FOR THE PHILIPPINE GOVERNMENT DURING THE IMMEDIATE POST-WAR PERIOD AND WERE BACKED BY A SPECIAL FUND CREATED BY THE PHILIPPINE GOVERNMENT. HOWEVER, THE CENTRAL BANK OF THE PHILIPPINES DEMONETIZED THE VICTORY PESO AS OF JULY 30, 1967, THUS RENDERING IT TOTALLY WITHOUT MONETARY VALUE. THE US EMBASSY ANNOUNCEMENT CAME IN THE WAKE OF REPORTS THAT SPECULATORS WERE TAKING A SPECIAL INTEREST IN THE VICTORY PESO. END QUOTE.

3. INTEREST IN THE VICTORY PESO IS CONSISTENT, AND THIS EMBASSY CONTINUES TO RECEIVE INQUIRIES FROM TIME TO TIME, TO WHICH WE RESPOND ALONG THE LINES OF PARAGRAPH 2.

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Disposition Event:
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